

**Testimony to the House Committee on Appropriations
Transportation, HUD & Related Agencies Subcommittee
Rep. Dan Kildee – April 18, 2018**

Thank you Chairman and Ranking Member for the invitation to speak to you all today. I would like to address my remarks on the need for a much more robust federal role, focusing on the life and health of American cities and towns.

It has been my experience that the important role that cities and towns play in a growing economy is not always understood. Cities are where innovation occurs. Cities are unique landforms where people live and work. They are places that are more creative, more inventive, more ingenious. That ingenuity connects and creates incredible, great big ideas.

When I first came to Congress, I hoped that if I worked hard, I could join the choir of voices working on behalf of American cities and towns. But I have been dismayed by the lack of conversations happening amongst other Members of Congress with almost no hearings or legislation to deal with the unique needs of America's cities and towns.

We cannot let this continue be the case.

Right now, there are only a few elements of federal support for America's cities and towns. The HOME Investment Partnerships Program and the Community Development Block Grant (CDBG) are critical. But both are relatively modest investments in cities and towns when you think about how essential cities are to our overall society and the health of the U.S. economy. We need a far more robust agenda for cities and towns, but for the moment, unfortunately, I find myself fighting for a sort of Hippocratic Oath for these places that are clearly so vital to our future: first, do no harm.

We have to protect CDBG and HOME, which are successful and flexible programs that help local communities address local needs, in order to rebuild themselves. I was very pleased to see the increase for both these programs in the recently passed FY18 omnibus bill. Yet these increases – while large in terms of recent funding levels – are still woefully short of what is needed to correct years' worth of disinvestment.

In this political environment, protecting these bipartisan programs is the current fight. But the bigger fight—one that is talked about less—is to push back against this notion of ‘new federalism,’ which started in the 1980s, that disconnects our national interests with the condition of cities. Looking at the data on the health of America’s cities and towns, it is very familiar.

Before coming to Congress, I was in county government for 25 years. I was the county treasurer in my hometown of Flint and I lived through periods of painful decline, largely due to sweeping changes in our economy, but also exacerbated by state and federal policy that left cities and towns to fend for themselves – as if a region or the country can succeed while cities and towns are collapsing. Of course, that logic is folly.

There is a subset of these American cities that are experiencing very serious fiscal stress, the kind of stress that threatens their sustainability and solvency. So far, generally the only coping mechanism state governments have provided to cities has been through a solitary focus on the balance sheet, without any consideration whatsoever regarding the long-term sustainability of the community and the impact on lives of the people living in these cities and towns.

Cities are not municipal corporations – they cannot be disassembled and have their parts sold off like a corporation in bankruptcy. Municipal governments, however, are municipal corporations, formed to provide services and provide for the essential elements of a democratically governed civil society.

While a municipal corporation can be bankrupted, we cannot dissolve the “city” – we cannot make a city or town go away. It is a physical place, and it is a social and economic organism – it is there. It is a collection of people, economic activity and social relationships that will be there, no matter what. You cannot dissolve it – and you cannot treat municipal governmental failure the same way a company can be bankrupted, dissembled, and sold for scrap.

It is important that policymakers and resultant policy – at all levels of government – recognize this fundamental truth about our cities and towns. We need federal policy that supports increased opportunity, promotes growth, and recognizes that

our national interest includes an interest in the future of America's cities and towns.

I have launched an initiative called The Future of America's Cities and Towns, specifically to raise these important questions of federal policy and to create a legislative agenda to revitalize our nation's urban and rural communities.

Among the many issues that should we in Congress should be working on is a true infrastructure investment, one that appropriately weighs up the ability of our communities to provide leveraging funds.

The American Society of Civil Engineers (ASCE) said the US will need to invest \$4.59 trillion by 2025 to improve the nation's infrastructure. A plan that has an 80/20 requirement of local funds compared to federal funds is just not realistic in being able to make a dent in this need. Congress should be looking to "go big" on infrastructure to fill this gap, but it is vital for policy makers to understand the potential unintended consequences of how such investments could impact cities and towns across the country, particularly older industrial communities.

Without a clear plan and resources to revive America's struggling older industrial cities and towns, a massive influx of capital investment, while clearly needed and long overdue, could potentially contribute to the further disparity in a whole subset of American cities and towns that have really struggled with the transition from the old to the new economy. We need a plan for these communities or we may see them fall even further behind, even in a wave of new development.

Many communities have not fully recovered from the last economic crisis. Many have dilapidated housing markets and plenty of blighted buildings. These unique places are already at a disadvantage and currently unable to compete. I believe that Congress has a responsibility to develop and support programs specifically intended to assist these communities with a much-needed market reset. Otherwise, without the proper foundation, we could unintentionally fuel - with a huge capital investment like a national infrastructure plan - another accelerated relocation of wealth and economic activity out of these cities and towns.

I am from Flint, Michigan. I have already lived through such disinvestment because of, in large part, policy decisions. In the 1950s and 1960s, the United

States made incredible investments in the interstate highway system. These were good investments – we all benefit to this day from these investments. The economy grew. Our national security strengthened.

But these investments were not equal in their impact. The tide did not lift all boats. In some places, like the place I grew up in, new interstate highways – coupled, obviously with many other factors - had the unintended consequence of providing an efficient mechanism to empty out my hometown.

So for me, representing Flint, which is like so many communities across the country, we have to get it right this time. The story of my hometown of Flint – a city of 100,000 people that was poisoned by lead-tainted water – is truly heartbreaking. But the truth is, Flint is not an anomaly; it is a warning.

Flint was allowed to fall to a point of insolvency, a condition precipitated in large part to the state and federal governments abandoning it and cities like it. For Flint, that meant a state-appointed emergency manager with a “balance sheet only” approach to governing. And after ordering deep cuts to government operations – eliminating many of the basic elements of a civil society, Flint was unsustainable.

How many other cities are one mistake away from catastrophe? Unless we deal with this question in a much bigger way, in a much broader way, in a much more long-term fashion, there will be more Flints.

I believe my initiative is a good place to start in highlighting these important issues and the role that the federal government must play in supporting our cities and towns. This subcommittee has responsibility over the agency that has the most direct impact on our communities in terms of housing, neighborhood building, redevelopment and strengthening. Our cities and towns can benefit from a refocused federal investment, with the flexibility for them to implement changes as needed on a local level.

This subcommittee can play an important role in this area – I look forward to continuing this conversation in development of a legislative portfolio that accurately reflects the significant needs of our cities and towns.

Thank you.